

## 6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2009-10

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### FEATURE ARTICLE: GOVERNMENT PENSION AND ALLOWANCE RECIPIENTS

#### INTRODUCTION

People's standard of living depend on the economic and social resources available to them to support their consumption of goods and services, and their participation in society. These include the income they receive in wages and salaries, from own businesses or investments, and income support from government. Their resources also include services such as aged care, respite care and child care provided by government and welfare organisations, and assistance from family and friends when needed.

Government programs aim to: encourage active economic and social participation by members of society, within an individual's capacity; redress disadvantage by boosting self-reliance; and provide assistance to people unable to adequately support themselves. Income support programs are directed to those who are retired, people with disabilities, carers, unemployed people, students, and families with children. Income support is also provided for special groups, such as war veterans, and war widows and their families.

In this article the characteristics and economic circumstances of recipients of government pensions and allowances are analysed, using data from the 2009-10 Survey of Income and Housing (SIH) and the 2009-10 Household Expenditure Survey (HES).

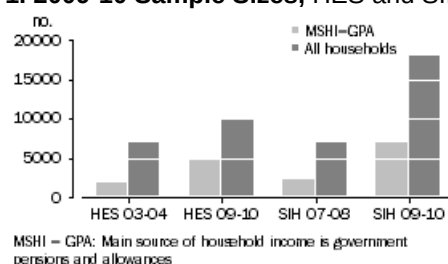
#### BACKGROUND

The SIH is conducted every two years and the HES every six years. When the HES is conducted, it is integrated with the SIH and run on a subsample of the SIH. For the 2009-10 surveys, the survey sample sizes were increased for two purposes. The SIH sample was increased by an extra 4,200 households, located outside capital cities, to better support performance indicator reporting, especially in regard to housing affordability and home ownership measures.

The HES included an additional 3,000 metropolitan households whose main source of income was from government pensions and allowances. The expansion of the sample was made to improve the quality of the Pensioner and Beneficiary Living Cost Index (PBLCI), which measures changes in the cost of living for pension and other government beneficiary households. The sample increase was targeted at improving the PBLCI to make it more representative of the spending patterns of pensioners and other beneficiaries, and to provide for the analysis of the specific products that pensioners and other beneficiaries buy, to assess whether an expanded range of products needed to be priced when constructing the PBLCI. The HES sample increased from 6,957 households in 2003-04 to 9,774 in 2009-10 (a 40% increase).

As the HES is conducted on a subsample of the SIH sample, and HES also collects all SIH data items, the increase in the HES sample also increased the SIH sample. The SIH sample therefore increased from 9,345 households in 2007-08, to 18,071 in 2009-10 (a 93% increase). For the subpopulation of interest in this article, that is, households whose main source of income was government pensions and allowances, the HES sample for this group increased by 156% from 2003-04, and the SIH sample for this group increased by 120% from 2007-08 (see Graph 1). The increased samples enable more accurate and detailed analyses of this subpopulation.

**1. 2009-10 Sample Sizes, HES and SIH**



The larger samples, together with the concurrent collection of comprehensive data on household characteristics and economic circumstances, provides a particularly rich dataset for analysis. The 2009-10 SIH collected detailed information on household incomes, wealth, and housing costs. The 2009-10 HES collected detailed information on household

expenditures and financial stress. The datasets are ideal for the examination of the economic wellbeing of all Australian households.

## INCOME SUPPORT SYSTEM

Australia has an income support system that is designed to act as a safety net for individuals who are unable to adequately support themselves. In order to ensure that the assistance is directed to those who are most in need, the eligibility for income support payments are typically means tested, and the rate of income support that a person is entitled to depends upon the income and assets tests.

Government pensions and allowances are cash transfer payments made by government to persons under social security and related government programs. There are a wide variety of payments available, including: pensions for older people (Age pensions); payments for people with disability and those caring for people with disability (Disability and carer payments); payments to the unemployed and to students (Unemployment and study payments); assistance to families (Family support payments); and a range of other payments. They are primarily administered by Centrelink or the Department of Veterans' Affairs (DVA).

Further information on the Australian income support system and the pensions and allowances available can be found from the websites of the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), the Department of Veterans' Affairs (DVA), the Department of Education, Employment and Workplace Relations (DEEWR) and Centrelink. **A guide to Australian Government payments<sup>1</sup>** provides details of the pensions and allowances paid, including the eligibility criteria and rates of payment. FaHCSIA publishes statistical summaries of its income support customers e.g. **Statistical Paper No.9, Income support customers: a statistical overview 2010<sup>2</sup>**.

## PENSION AND ALLOWANCE RECIPIENTS

A range of information on recipients of Australian Government pensions and allowances, and the payments made to them, are available from the administrative systems supporting these government programs. As these data generally include all recipients, and all payments made, the coverage is greater under these programs than for the survey data due to scope exclusions that apply to most ABS household surveys, including the SIH and the HES. There are also differences in the way some of the information is captured and recorded in the two data sources.

There are three main differences affecting comparisons between the administrative and survey data. SIH collects information from the usual residents of private dwellings in urban and rural areas of Australia covering approximately 97% of the people living in Australia. Excluded from the survey are people living in very remote areas, and residents of non-private dwellings, such as hotels, boarding schools, boarding houses, nursing homes and institutions. These exclusions mean that the survey estimates will generally be lower than the administrative data, and especially so for the Age Pension, Service Pension (DVA) and disability payments, as nursing homes contain substantial numbers of people on these benefits. The exclusion of people living in very remote areas, where there is a higher proportion of Indigenous Australians, means that there is incomplete coverage of Indigenous Australians for all pensions and allowances. This, in particular, leads to significant undercoverage for Abstudy payments.

Secondly, SIH is enumerated over the full financial year. Counts of recipients refer to the point in time at which individual households are enumerated in the survey, and the payments received generally refer to the most recent payment period. Payments reported are converted to annual estimates for comparison with the administrative data, which relates strictly to the financial year. Where it has been possible and appropriate to do so, recipient counts for the administrative data have been taken as the average of two points in time i.e. end June 2009 and end June 2010.

Thirdly, SIH produces estimates for the overall in scope population from a sample. The estimates produced are subject to both non-sampling and sampling error. Non-sampling error can occur in any collection. Types of non-sampling error include non-response by respondents in the survey, errors in reporting by the respondent, or errors in recording and processing the data. Sampling error occurs because the estimates are based on a sample of possible observations and therefore subject to sampling variability, which means the results may differ from the figures produced if information had been collected for all households.

Table 2 compares recipient counts and payments from the administrative data, with the results from the 2009-10 SIH. It separately shows data for each of the main government pensions and allowances. The administrative data are sourced from information published by FaHCSIA, DEEWR and the DVA. Payments to Australians living overseas have been excluded from the administrative data, as these payments would not be reported in the survey data (because such households are out of scope).

The administrative data in Table 2 shows that 2.2 million Australians (living in Australia) receive the age or service pension, the greatest number of recipients of any pension or allowance type. The pension or allowance with the next largest number of recipients is Family Tax Benefit, with 1.8 million recipients.

For the most part, the survey estimates are lower than the administrative data, largely for the reasons outlined previously.

In a small number of cases the reported survey data exceeds the administrative data. This may be partly caused by some misnaming or misclassification of pensions and allowances by the respondent or interviewer.

For Family Tax Benefits, the survey and administrative data are not fully consistent. When a Family Tax Benefit recipient lodges their tax return, if one is required, the recipient's entitlement is calculated based on their actual income, and compared with the amount received for the year, based on their estimated income. In some cases, the reconciliation results in the recipient not being entitled to a Family Tax Benefit payment for the year. As the reconciliation process for 2010 has not yet been finalised, the administrative data may over estimate the actual number of recipients.

## HOUSEHOLD CHARACTERISTICS

Table 2 shows that, according to the SIH, 6.2 million people were in receipt of government pensions and allowances. For 52% of these people, government pensions and allowances was their main source of household income. People in receipt of age or service pensions, or disability and carer payments, were much more likely to have government pensions and allowances as their main source of household income.

Tables 3 and 4 show a range of household characteristics and economic resource measures for each of the pension and allowance subpopulations, from data collected in the SIH<sup>3</sup>. About 20% of the total population are living in households whose main source of income is government pensions and allowances. However the number of persons living in households receiving at least some government pensions and allowances is much higher at 59% of the total population.

The number of persons receiving each pension and allowance type, where the main source of household income is government pensions and allowances, do not add to the total because some households receive two or more types of pension and allowance. These may be received by the same person or by different persons in the household. For example, some persons live in households receiving disability and carer payments, and family support payments. Some households receive three or more types of payment.

In general, people whose main source of household income was government pensions and allowances were less likely to own their own home with or without a mortgage (56%) than the population as a whole (70%). However those who received an age pension were more likely to own their own home (81%), reflecting the greater age and life long workforce participation of this group.

People whose main source of household income was government pensions and allowances were much more likely to live alone or in households consisting of a one parent family with dependent children. They were much less likely to live in couple family with dependent children households. However there was considerable variation between pension and allowance types, reflecting the different client characteristics of the groups these benefits are aimed at. For example, Family Tax Benefit is directed towards families with dependent children, while dependent children are rarely present in aged pension households.

On average, there were considerably fewer employed persons living in households whose main source of income was government pensions and allowances (0.2 compared with 1.3 for the population as a whole). The relatively lower workforce participation reflects a range of factors, including mature age, disability, caring responsibilities, unemployment or study. There were twice as many people living in households with at least one person with a disability or long term health condition than for the population as a whole.

## 2. Recipients of government pensions and allowances, 2009-10

Pension and allowance type	INCOME SUPPORT SYSTEM		SURVEY OF INCOME AND HOUSING <sup>(a)(b)</sup>			
	No. of persons (c)(d)(e)	Value of payments <sup>(f)</sup>	All recipients	MSHI = Government pensions and allowances <sup>(g)</sup>	MSHI = Other <sup>(g)</sup>	Value of payments
	'000	\$m	'000	'000	'000	\$m
Age pensions						
Age Pension	2 078	29 385	2 067	1 558	509	25 808
Service Pension (DVA)	185	2 154	182	129	53	2 086
Disability and carer payments						
Disability Pension (DVA)	122	1 472	112	70	42	1 572
Disability Support Pension	767	11 860	709	509	201	9 393
Carer Allowance	478	1 478	394	235	159	1 216
Carer Payment	158	2 269	195	119	76	2 018
Unemployment and study payments						
Austudy/Abstudy	71	543	61	27	34	453
Newstart Allowance	537	6 137	447	252	195	4 825
Youth Allowance	374	2 073	308	95	213	2 019
Family support payments						
Family Tax Benefits	(h)1 810	17 180	1 714	412	1 301	15 479
Parenting Payment	466	5 467	420	273	148	4 546
Baby Bonus	(i)268	1 398	189	42	146	998
Other payments						
Partner Allowance	27	281	32	22	*11	346
Seniors Supplement	na	na	361	25	336	257

Sickness Allowance	7	84	*10	*4	*5	85
Special Benefit	6	68	*5	**1	*4	*44
War Widows Pension (DVA)	103	1 806	78	62	17	1 551
Widow Allowance	35	441	24	19	**6	284
Wife Pension (wife of an Age or Disability Support Pensioner)	25	321	28	21	*6	303
Overseas pensions and benefits	..	na	341	238	103	1 473
Other government pensions and allowances	..	na	123	62	61	637
Number of recipients of government pensions and allowances	na	na	6 157	3 201	2 956	77 856
Number of households with one or more recipients of government pension and allowances	na	na	4 417	2 117	2 300	..

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

.. not applicable

na not available

(a) In SIH, information is collected on all government pensions and allowances received, including those paid by overseas governments (overseas pensions and benefits) and state and territory governments in Australia (included in 'Other government pensions and allowances')

(b) The figures provide the number of persons receiving a payment for the given pension type - hence, a person may be counted in more than one category. However, the total number of recipients counts each person only once

(c) The number of Australians living overseas who received payments have been deducted from the figures for the Age Pension, Carer Payment, Disability Support Pension, Parenting Payment and Wife Pension

(d) Sources: FaHCSIA, 'Income support customers: a statistical overview 2010, Statistical Paper No . 9'; DVA 2009-10 Annual Report

(e) Unless otherwise noted, these are the average of figures for June 2009 and June 2010

(f) Sources: FaHCSIA, 2010, Annual Report 2009-10; DVA, Portfolio Additional Estimates Statements 2010-11

(g) MSHI = Government pensions and allowances : Main source of household income is government pensions and allowances; MSHI = Other: Main source of household income is not government pensions and allowances

(h) This figure is as at June 2010, not an average of June 2009 and June 2010 figures

(i) This figure is for the 2009-10 financial year, not an average of figures for June 2009 and June 2010

### 3. Persons living in households, main source of income is government pensions and allowances(a), Household characteristics, 2009-10

		RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES					Total
		Age pensions	Disability and carer payments	Unemployment and study payments	Family support payments	Other payments	
Proportion of persons in household with characteristic							
Contribution of government pensions and allowances to gross household income							
Nil or less than 1%	%	-	-	-	-	-	-
1% to less than 20%	%	-	-	-	-	-	-
20% to less than 50%	%	*1.2	*1.1	*0.8	*2.6	*1.2	1.7
50% to less than 90%	%	39.6	35.3	42.1	46.6	41.3	40.1
90% and over	%	59.2	63.6	57.1	50.8	57.5	58.2
Total(b)	%	100.0	100.0	100.0	100.0	100.0	100.0
Tenure and landlord type							
Owner without a mortgage	%	73.6	39.3	17.4	9.3	60.4	43.1
Owner with a mortgage	%	7.9	13.8	16.4	21.2	9.4	13.3
State/territory housing authority	%	5.8	17.3	16.9	18.5	12.3	13.0
Private landlord	%	8.9	24.6	43.7	46.3	14.1	25.8
Total renters(c)	%	15.8	44.0	62.9	66.9	27.9	40.6
Total(d)	%	100.0	100.0	100.0	100.0	100.0	100.0
Family composition of household							
One family households							
Couple family with dependent children	%	*2.3	18.1	41.1	41.9	*12.3	17.0
One parent family with dependent children	%	*1.6	14.6	22.7	52.1	9.6	20.5
Couple only	%	52.5	26.7	6.3	**0.1	40.0	28.3
Other one family households	%	12.3	20.5	14.5	*0.3	11.0	9.6
Multiple family households	%	*2.9	*4.3	*3.1	*5.4	*3.3	2.6
Non-family households							
Lone person	%	26.7	12.7	9.1	**0.2	21.4	20.2
Group households	%	1.8	3.2	*3.2	-	*2.4	1.9
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Households with one or more members aged 15 or over with a disability or long-term health condition	%	67.7	68.6	34.7	31.1	57.3	54.3
Average number in household							
Employed persons	no.	0.1	0.2	0.4	0.5	0.2	0.2
Dependent children	no.	-	0.4	1.1	2.3	0.3	0.5
Persons							
Under 18 years	no.	-	0.4	1.1	2.3	0.3	0.5
18 to 64 years	no.	0.3	1.3	1.7	1.5	0.6	0.8
65 years and over	no.	1.4	0.5	0.1	0.1	1.1	0.8
Total	no.	1.7	2.3	3.0	3.9	1.9	2.0

Mean equivalised income per week							
Disposable household income	\$	414	417	361	374	416	387
Adjusted disposable household income(e)	\$	551	497	403	405	531	478
Mean equivalised household net worth	\$	351	182	103	88	345	233
Estimated number in population							
Households	'000	1 182	647	303	417	379	2 120
Persons	'000	1 968	1 459	895	1 624	722	4 306
Number of persons in sample	no.	5 735	2 611	1 012	1 288	1 525	13 253

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) See glossary for further details of payment groups

(b) Includes households with negative total income

(c) Includes other landlord type

(d) Includes other tenure type

(e) Adjusted to include imputed rent

#### 4. Persons living in households, whether receives government pensions and allowances, Household characteristics, 2009-10

		RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES					
		Main source of income gov. pension and allowances	Other main source of income	Total	Does not receive gov. pensions and allowances	All persons	
Proportion of persons in household with characteristic							
Contribution of government pensions and allowances to gross household income							
Nil or less than 1%	%	-	2.7	1.8	99.3	42.1	
1% to less than 20%	%	-	67.3	44.4	-	26.0	
20% to less than 50%	%	1.7	29.6	20.1	-	11.8	
50% to less than 90%	%	40.1	*0.2	13.8	-	8.1	
90% and over	%	58.2	-	19.8	-	11.6	
Total(a)	%	100.0	100.0	100.0	100.0	100.0	
Tenure and landlord type							
Owner without a mortgage	%	43.1	24.3	30.7	22.5	27.3	
Owner with a mortgage	%	13.3	50.7	37.9	50.6	43.2	
State/territory housing authority	%	13.0	1.4	5.4	0.4	3.3	
Private landlord	%	25.8	21.0	22.6	23.8	23.1	
Total renters(b)	%	40.6	23.3	29.2	24.8	27.4	
Total(c)	%	100.0	100.0	100.0	100.0	100.0	
Family composition of household							
One family households							
Couple family with dependent children	%	17.0	60.1	45.4	37.8	42.3	
One parent family with dependent children	%	20.5	7.7	12.0	1.6	7.7	
Couple only	%	28.3	8.2	15.1	27.9	20.4	
Other one family households	%	9.6	13.0	11.8	15.5	13.3	
Multiple family households	%	2.6	6.5	5.1	*1.3	3.5	
Non-family households							
Lone person	%	20.2	2.5	8.5	11.0	9.5	
Group households	%	1.9	2.1	2.0	5.1	3.3	
Total	%	100.0	100.0	100.0	100.0	100.0	
Households with one or more members aged 15 or over with a disability or long-term health condition	%	54.3	21.8	32.8	16.7	26.2	
Average number in household							
Employed persons	no.	0.2	1.6	0.9	1.8	1.3	
Dependent children	no.	0.5	1.2	0.8	0.4	0.6	
Persons							
Under 18 years	no.	0.5	1.1	0.8	0.4	0.6	
18 to 64 years	no.	0.8	2.0	1.4	2.0	1.6	
65 years and over	no.	0.8	0.4	0.6	0.1	0.3	
Total	no.	2.0	3.4	2.7	2.4	2.6	
Mean equivalised income per week							
Disposable household income	\$	387	729	612	1 181	848	
Adjusted disposable household income(d)	\$	478	774	673	1 232	905	
Mean equivalised household net worth	\$	233	317	288	574	407	
Estimated number in population							
Households	'000	2 120	2 490	4 609	3 789	8 399	
Persons	'000	4 306	8 346	12 652	8 937	21 589	
Number of persons in sample	no.	13 253	14 085	27 338	15 433	42 771	

\* estimate has a relative standard error of 25% to 50% and should be used with caution

- nil or rounded to zero (including null cells)
- (a) Includes households with negative total income
- (b) Includes other landlord type
- (c) Includes other tenure type
- (d) Adjusted to include imputed rent

## ECONOMIC CIRCUMSTANCES

Household income and household net worth were, on average, considerably lower for all categories of government pension and allowance recipients, than for the population as a whole (see Table 3, Table 4 and Graph 5)<sup>3</sup>. For persons living in households whose main source of income was government pensions and allowances, the equivalised disposable household income was 46% of the national average and equivalised household net worth was 57% of the national average. Those receiving unemployment and study payments, and family support payments, had lower average household incomes and wealth.

**5. Income and wealth**, Mean weekly equivalised disposable household income and equivalised household net worth as a percentage of all persons, 2009-10

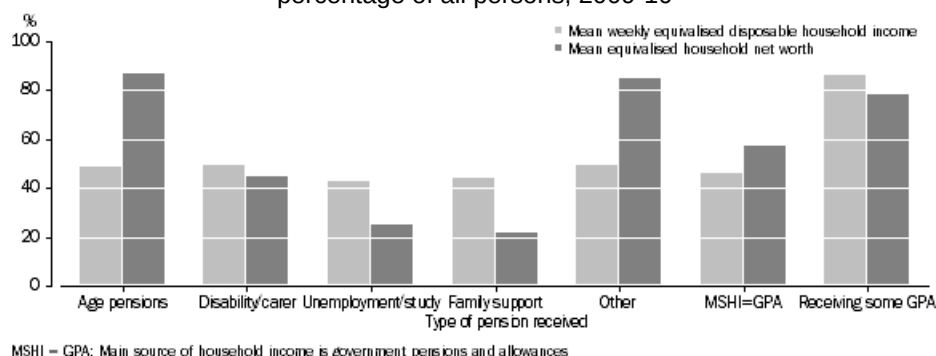


Table 6 and Table 7 provide information on the composition and distribution of household income and wealth for the government pension and allowance recipient populations used throughout this article.

### Household income

For people in households whose main source of household income was government pensions and allowances, income from this source was around 80% of household income for all categories of pension and allowances. For those receiving unemployment and study payments, family support payments and other payments, wages and salaries were the second most significant source of income. For those receiving age pensions, 'other income', which includes superannuation and investment income, was the second most significant source at around 10% of income. Wages and salaries provided most of the income received by recipients of government pensions and allowances, but whose main source of household income was not government pensions and allowances.

On average, household income from government pensions and allowances was \$557 per week for those people for whom it was their main source of household income. While average incomes from this source varied somewhat across the different pension and allowance types, there was significant variation in the amount of income received within each category. Of people living in these households, 9% received household income of less than \$300 per week from government pensions and allowances, while 34% received more than \$600 per week.

**6. Persons living in households, main source of income is government pensions and allowances<sup>(a)</sup>, Income and wealth, 2009-10**

Household characteristics		RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES					Total
		Age pensions	Disability and carer payments	Unemployment and study payments	Family support payments	Other payments	
Income from							
Wages and salaries	%	4.8	9.8	12.1	14.0	*10.9	9.0
Own unincorporated business income	%	*0.6	*0.5	*0.8	*1.3	**0.8	*0.7
Government pensions and allowances	%	83.5	83.5	82.8	79.3	81.7	82.4
Other income	%	11.1	6.2	4.2	5.4	8.3	7.9
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Income from government pensions and allowances							

Mean weekly household income	\$	522	652	689	672	592	557
Nil to less than \$25	%	-	-	-	-	*1.4	*0.2
\$25 to less than \$100	%	**0.1	**0.6	**0.2	*0.8	*1.5	0.8
\$100 to less than \$200	%	*0.4	*0.2	*1.3	*1.4	*0.8	1.1
\$200 to less than \$300	%	4.4	2.7	10.1	4.0	4.3	6.6
\$300 to less than \$400	%	25.3	13.2	5.1	5.5	13.2	18.9
\$400 to less than \$500	%	18.6	8.7	9.8	12.1	14.3	16.0
\$500 to less than \$600	%	29.3	23.8	10.8	17.1	25.0	22.3
\$600 to less than \$700	%	7.0	12.9	15.4	17.2	13.1	11.0
\$700 to less than \$800	%	6.2	13.8	15.6	14.6	9.0	8.6
\$800 to less than \$900	%	*2.8	6.5	7.2	8.6	*4.9	4.9
\$900 and over	%	6.1	17.7	24.5	18.7	*12.5	9.6
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Equivalised disposable household income							
Lowest	%	64.3	62.0	78.1	70.1	54.8	69.5
Second	%	31.4	32.1	20.7	26.9	39.7	27.1
Third	%	3.7	5.1	*1.2	*2.5	*5.1	3.0
Fourth	%	**0.6	*0.9	-	**0.5	**0.3	*0.5
Highest	%	-	-	-	-	**0.1	-
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Second and third deciles	%	62.2	57.4	49.8	51.3	62.2	54.5
Mean value of assets and liabilities							
Household assets	\$'000	475	313	235	222	525	382
Household liabilities	\$'000	5	13	27	38	11	14
Household net worth	\$'000	470	299	208	185	515	369
Household net worth							
Net value of owner occupied dwelling	%	68.9	64.7	59.7	48.5	58.4	64.4
Net value of other property	%	2.6	3.3	*3.9	*4.1	*5.3	3.5
Value of contents of dwelling	%	11.1	13.5	14.7	18.1	10.5	11.9
Superannuation	%	5.3	7.5	10.6	8.1	7.1	6.5
Net value of other assets	%	12.1	11.0	11.1	*21.2	18.7	13.8
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Equivalised household net worth							
Lowest quintile	%	12.5	42.6	63.4	68.4	22.5	39.1
Second quintile	%	9.2	15.2	15.2	15.4	12.2	12.1
Third quintile	%	23.1	16.3	8.6	8.1	19.5	15.7
Fourth quintile	%	38.0	20.3	9.4	6.2	27.9	22.4
Highest quintile	%	17.3	5.6	*3.4	*2.0	17.9	10.7
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Persons in low economic resource households(b)	%	20.3	55.9	77.8	81.6	33.9	49.7
Number of persons	'000	1 968	1 459	895	1 624	722	4 306

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

- nil or rounded to zero (including null cells)

(a) See glossary for further details of payment groups

(b) People living in households that are simultaneously in the bottom four deciles (two quintiles) of equivalised adjusted disposable household income (adjusted to include imputed rent) and equivalised household net worth

## 7. Persons living in households, whether receives government pensions and allowances(a), Income and wealth, 2009-10

RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES						
Household characteristics		Main source of income gov. pensions and allowances	Other main source of income	Total	Does not receive gov. pensions and allowances	All persons
Income from						
Wages and salaries	%	9.0	75.3	64.9	83.8	75.7
Own unincorporated business income	%	*0.7	5.0	4.3	6.7	5.7
Government pensions and allowances	%	82.4	12.2	23.2	-	10.0
Other income	%	7.9	7.5	7.6	9.5	8.7
Total	%	100.0	100.0	100.0	100.0	100.0
Income from government pensions and allowances						
Mean weekly household income	\$	557	229	340	-	199
Nil to less than \$25	%	*0.2	4.2	2.8	100.0	43.1
\$25 to less than \$100	%	0.8	25.9	17.4	-	10.2
\$100 to less than \$200	%	1.1	23.4	15.8	-	9.3
\$200 to less than \$300	%	6.6	17.6	13.9	-	8.1
\$300 to less than \$400	%	18.9	13.3	15.2	-	8.9
\$400 to less than \$500	%	16.0	6.9	10.0	-	5.9

\$500 to less than \$600	%	22.3	4.2	10.4	-	6.1
\$600 to less than \$700	%	11.0	2.2	5.2	-	3.1
\$700 to less than \$800	%	8.6	*1.0	3.6	-	2.1
\$800 to less than \$900	%	4.9	*0.8	2.2	-	1.3
\$900 and over	%	9.6	*0.5	3.6	-	2.1
Total	%	100.0	100.0	100.0	100.0	100.0
Equivalised disposable household income						
Lowest	%	69.5	9.5	29.9	5.9	20.0
Second	%	27.1	29.6	28.8	7.6	20.0
Third	%	3.0	34.7	23.9	14.4	20.0
Fourth	%	*0.5	19.0	12.7	30.3	20.0
Highest	%	-	7.1	4.7	41.7	20.0
Total	%	100.0	100.0	100.0	100.0	100.0
Second and third deciles	%	54.5	18.7	30.9	4.6	20.0
Mean value of assets and liabilities						
Household assets	\$'000	382	811	614	1 114	839
Household liabilities	\$'000	14	122	72	178	120
Household net worth	\$'000	369	689	541	936	720
Household net worth						
Net value of owner occupied dwelling	%	64.4	45.1	51.1	34.2	41.2
Net value of other property	%	3.5	11.1	8.7	17.5	13.9
Value of contents of dwelling	%	11.9	9.4	10.2	7.2	8.4
Superannuation	%	6.5	16.7	13.5	18.0	16.1
Net value of other assets	%	13.8	17.8	16.5	23.1	20.4
Total	%	100.0	100.0	100.0	100.0	100.0
Equivalised household net worth						
Lowest quintile	%	39.1	17.6	24.9	13.1	20.0
Second quintile	%	12.1	26.7	21.7	17.5	20.0
Third quintile	%	15.7	23.5	20.8	18.8	20.0
Fourth quintile	%	22.4	17.1	18.9	21.5	20.0
Highest quintile	%	10.7	15.1	13.6	29.0	20.0
Total	%	100.0	100.0	100.0	100.0	100.0
Persons in low economic resource households(b)	%	49.7	25.3	33.6	7.1	22.6
Number of persons	'000	4 306	8 346	12 652	8 937	21 589

\* estimate has a relative standard error of 25% to 50% and should be used with caution

- nil or rounded to zero (including null cells)

(a) See glossary for further details of payment groups

(b) People living in households that are simultaneously in the bottom four deciles (two quintiles) of equivalised adjusted disposable household income (adjusted to include imputed rent) and equivalised household net worth

This degree of variation arises because of the different personal and household characteristics of individuals in each subpopulation, and the application of specific eligibility criteria and rates of payment for each benefit. Payments are higher for eligible couples than for single persons, and also higher for households where dependent children are present. Some households receive multiple benefits, resulting in higher levels of government income. Where the household receives different types of pensions and allowances, the people living in those households appear in each of the relevant categories.

Of all people whose main source of household income was government pensions and allowances, 97% fell into the bottom two quintiles of equivalised disposable household income. In contrast, Table 7 shows that only 39% of people who received some benefits, but for whom it was not their main source of household income, were in the bottom two quintiles. For those who received no benefits at all, only 13% were in these quintiles.

## Household wealth

Households whose main source of income was government pensions and allowances had, on average, half the average household net worth of the population as a whole. However, households receiving age pensions and other payments had higher levels of net worth than did other pension and allowance recipients, due to the greater age of household members and greater opportunities to accumulate wealth (principally in their own home) over their working lives.

Recipients of disability and carer payments, unemployment and study payments, and family support payments, were much more likely than the population as a whole to be in the bottom two wealth quintiles. Recipients of age pensions and other payments were more evenly represented across the entire wealth distribution.

All categories of government pension and allowance recipients had, on average, a greater proportion of their household net worth in their own home than did the population as a whole. The application of asset tests on non-home wealth in



determining eligibility for pensions places some limits on the size of non-home wealth for the affected populations.

## Low economic resources

Table 6 and Table 7 also include a low economic resource measure. It identifies people living in households that are simultaneously in the bottom two quintiles of both income and wealth. The income measure used is equivalised disposable household income, adjusted to include the net imputed rent of owner occupiers and subsidised renters. This adjustment supports a more comprehensive assessment of the economic circumstances of home owners and renters. The wealth measure used is equivalised household net worth.

Using the low economic resource measure, 50% of people living in households whose main source of income is government pensions and allowances are classified as having low economic resources, more than double the rate for the population as a whole. However, the rate for age pensioners is in line with the population as a whole, reflecting the pensioners who have significant wealth in their home. Around 80% of people living in households receiving unemployment and study payments, and family support payments, are classified as living in low economic resource households.

## Household expenditure

Table 8 and Table 9 provide details of the household expenditures of persons living in households receiving government pension and allowances.

For recipients in the households whose main source of income was pensions and allowances, equivalised expenditure on goods and services was 59% of the national average. For this group the expenditure was lower than the national average for transport costs (50%), recreation (53%), current housing costs (63%), food and non-alcoholic beverages (69%) and medical care and health expenses (84%).

Overall, people receiving unemployment and study payments, and/or family support payments as their main source of income, had the lowest expenditures.

### 8. Persons living in households, main source of income is government pensions and allowances<sup>(a)</sup>, Equivalised expenditure, 2009-10

		RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES					
		Age pensions	Disability and carer payments	Unemployment and study payments	Family support payments	Other payments	Total
Average equivalised weekly expenditure							
Broad expenditure group							
Goods and services							
Current housing costs (selected dwelling)	\$	60	81	92	103	75	82
Domestic fuel and power	\$	17	17	16	16	18	17
Food and non-alcoholic beverages	\$	89	85	81	81	92	84
Alcoholic beverages	\$	10	11	8	5	10	8
Tobacco products	\$	6	14	13	9	*8	8
Clothing and footwear	\$	10	12	15	17	15	13
Household furnishings and equipment	\$	21	21	11	15	22	19
Household services and operation	\$	31	29	25	25	31	29
Medical care and health expenses	\$	*48	**42	10	*16	25	*32
Transport	\$	51	71	46	53	54	58
Recreation	\$	54	52	43	43	57	50
Personal care	\$	9	8	7	7	11	8
Miscellaneous goods and services	\$	22	23	21	23	24	22
Total goods and services expenditure	\$	428	465	386	411	440	429
Total adjusted goods and services expenditure(b)	\$	561	543	429	442	554	519
Selected other payments							
Income tax	\$	*1	*2	*2	*2	**1	1
Mortgage repayments - principal (selected dwelling)	\$	*2	*6	*4	7	*4	4
Superannuation and life insurance	\$	*1	**8	**4	*1	**2	**4
Proportion of total equivalised goods and services expenditure							
Broad expenditure group							
Goods and services							
Current housing costs (selected dwelling)	%	14.0	17.4	23.9	25.1	16.9	19.1
Domestic fuel and power	%	4.0	3.7	4.1	4.0	4.1	4.0
Food and non-alcoholic beverages	%	20.9	18.3	21.0	19.7	20.8	19.6

Alcoholic beverages	%	2.3	2.3	1.9	1.1	2.3	1.9
Tobacco products	%	1.4	2.9	3.4	2.2	1.8	2.0
Clothing and footwear	%	2.4	2.6	3.8	4.1	3.3	3.1
Household furnishings and equipment	%	4.9	4.5	2.8	3.6	5.0	4.3
Household services and operation	%	7.2	6.2	6.4	6.2	7.0	6.6
Medical care and health expenses	%	*11.3	**9.1	2.7	*3.8	5.8	*7.4
Transport	%	11.8	15.2	12.0	12.9	12.4	13.4
Recreation	%	12.5	11.3	11.1	10.5	12.9	11.6
Personal care	%	2.1	1.8	1.8	1.6	2.5	1.9
Miscellaneous goods and services	%	5.1	4.8	5.5	5.6	5.5	5.2
Total goods and services expenditure	%	100.0	100.0	100.0	100.0	100.0	100.0
Equivalent expenditure on goods and services							
Lowest quintile	%	55.8	53.4	62.4	57.7	49.0	55.8
Second quintile	%	25.3	26.0	20.7	23.8	31.8	25.0
Third quintile	%	10.5	10.1	*9.3	11.6	9.0	10.6
Fourth quintile	%	6.2	*6.2	*7.2	*5.6	*8.0	6.1
Highest quintile	%	*2.3	*4.3	*0.4	**1.3	*2.1	2.4
Total	%	100	100	100	100	100	100

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) See glossary for further details of payment groups

(b) Adjusted to include imputed rent

### 9. Persons living in households, whether receives government pensions and allowances<sup>(a)</sup>, Equivalent expenditure, 2009-10

RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES						
	Main source of income gov. pensions and allowances	Other main source of income	Total	Does not receive gov. pensions and allowances	All persons	
Average equivalised weekly expenditure						
Broad expenditure group						
Goods and services						
Current housing costs (selected dwelling)	\$	82	116	104	168	131
Domestic fuel and power	\$	17	19	18	21	19
Food and non-alcoholic beverages	\$	84	119	107	143	122
Alcoholic beverages	\$	8	16	13	26	19
Tobacco products	\$	8	7	8	7	7
Clothing and footwear	\$	13	25	21	35	27
Household furnishings and equipment	\$	19	31	26	45	34
Household services and operation	\$	29	37	34	50	41
Medical care and health expenses	\$	*32	31	31	48	38
Transport	\$	58	103	88	152	115
Recreation	\$	50	83	71	128	95
Personal care	\$	8	13	11	18	14
Miscellaneous goods and services	\$	22	61	48	100	70
Total goods and services expenditure	\$	429	660	581	941	732
Total adjusted goods and services expenditure(b)	\$	519	705	641	993	789
Selected other payments						
Income tax	\$	1	109	72	275	157
Mortgage repayments - principal (selected dwelling)	\$	4	30	21	43	30
Superannuation and life insurance	\$	**4	23	17	75	41
Proportion of total equivalised goods and services expenditure						
Broad expenditure group						
Goods and services						
Current housing costs (selected dwelling)	%	19.1	17.6	18.0	17.8	17.9
Domestic fuel and power	%	4.0	2.8	3.1	2.2	2.6
Food and non-alcoholic beverages	%	19.6	18.0	18.4	15.2	16.7
Alcoholic beverages	%	1.9	2.4	2.3	2.8	2.6
Tobacco products	%	2.0	1.1	1.3	0.7	1.0

Clothing and footwear	%	3.1	3.8	3.6	3.8	3.7
Household furnishings and equipment	%	4.3	4.6	4.6	4.8	4.7
Household services and operation	%	6.6	5.7	5.9	5.3	5.6
Medical care and health expenses	%	*7.4	4.7	5.4	5.0	5.2
Transport	%	13.4	15.6	15.1	16.2	15.7
Recreation	%	11.6	12.5	12.3	13.6	13.0
Personal care	%	1.9	2.0	1.9	1.9	1.9
Miscellaneous goods and services	%	5.2	9.3	8.2	10.7	9.6
Total goods and services expenditure	%	100.0	100.0	100.0	100.0	100.0
Equivalent expenditure on goods and services						
Lowest quintile	%	55.8	16.9	30.3	5.8	20.0
Second quintile	%	25.0	24.8	24.9	13.3	20.0
Third quintile	%	10.6	26.1	20.8	18.9	20.0
Fourth quintile	%	6.1	20.4	15.5	26.2	20.0
Highest quintile	%	2.4	11.8	8.6	35.8	20.0
Total	%	100.0	100.0	100.0	100.0	100.0

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) See glossary for further details of payment groups

(b) Adjusted to include imputed rent

Graph 10 shows that of all households with government pensions and allowances as their main source of income, age pensioner households had much lower current housing costs on average, reflecting high levels of home ownership. However, they had much higher medical care and health expenses, due to their age, than the overall recipient population. People receiving disability and carer payments also had higher medical care and health expenses, as well as higher transport costs. People receiving unemployment and study payments, and family support payments, generally had higher current housing costs, but much lower medical care and health expenses, reflecting their generally younger age.

#### 10. Average equivalised weekly expenditure, Households whose main source of income is government pensions and allowances, 2009-10

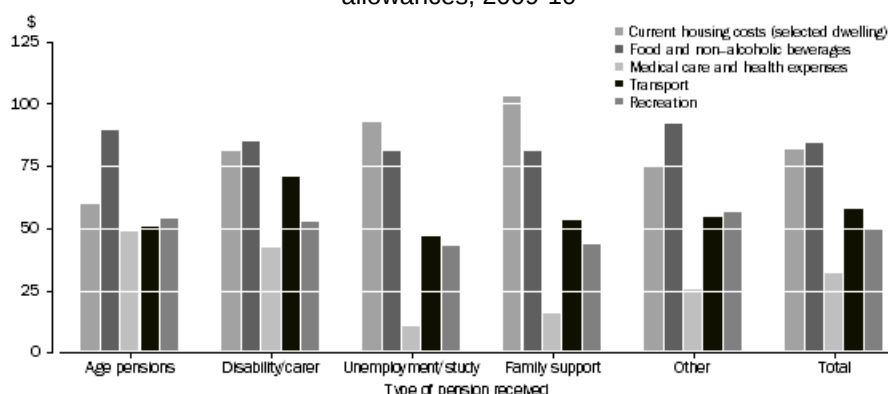


Table 8 and Table 9 show that people living in households with a main source of income of government pensions and allowances were significantly over-represented (at 81%) in the bottom two quintiles of equivalised expenditure on goods and services.

#### Financial stress

Table 11 and Table 12 show that government pension and allowance recipients generally experience much higher levels of financial stress than the population as a whole. For households for which government pensions and allowances were their main source of household income, 48% experienced 3 or more indicators of financial stress in the previous 12 months, double the rate for the population as a whole.

#### 11 Persons living in households, main source of income is government pensions and allowances(a), Financial stress indicators, 2009-10

RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES						Total %
Age pensions %	Disability and carer payments %	Unemployment and study payments %	Family support payments %	Other payments %		

Number of indicators of financial stress experienced by households in last 12 months						
None	53.6	23.7	*9.2	8.8	39.3	31.5
One	16.2	11.7	*6.5	6.7	18.4	12.2
Two	8.8	7.6	*5.5	7.4	*9.6	8.0
Three or more	21.4	57.0	78.7	77.0	32.7	48.3
Proportion of persons in household that experienced indicator in last 12 months						
Unable to raise \$2000 in a week for something important	13.7	45.0	56.8	57.0	19.8	34.5
Spent more money than received	10.3	20.3	36.7	31.2	19.5	21.6
Could not pay electricity, gas or telephone bills on time	5.5	24.9	40.0	43.4	12.9	23.6
Could not pay car registration or insurance on time	*2.1	7.8	15.0	15.8	*6.8	8.6
Pawned or sold something	*0.6	7.4	*12.3	13.9	*1.5	6.8
Went without meals	*0.9	7.4	*13.0	12.4	*2.1	7.4
Unable to heat home	*1.8	8.4	*10.0	8.8	**6.3	5.6
Sought assistance from welfare/community organisations	*0.4	9.0	14.1	16.9	*4.0	8.8
Sought financial help from friends or family	*2.9	16.9	27.0	30.0	*7.9	15.6
Could not afford holiday for at least one week a year	28.0	56.2	75.3	74.2	39.4	49.8
Could not afford a night out once a fortnight	25.3	48.0	63.2	58.3	32.5	40.8
Could not afford friends/family over for a meal once a month	9.7	19.8	34.7	28.2	9.5	19.3
Could not afford a special meal once a week	17.1	33.0	41.6	43.7	21.4	29.6
Could only afford second hand clothes most of the time	11.2	33.0	46.1	45.7	15.2	27.8
Could not afford leisure or hobby activities	12.9	37.0	51.7	48.1	18.3	29.3

\* estimate has a relative standard error of 25% to 50% and should be used with caution

\*\* estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) See glossary for further details of payment groups

## 12. Persons living in households, whether receives government pensions and allowances, Financial stress indicators, 2009-10

	RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES				
	Main source of income gov. pensions and allowances	Other main source of income	Total	Does not receive gov. pensions and allowances	All persons
	%	%	%	%	%
Number of indicators of financial stress experienced by households in last 12 months					
None	31.5	45.6	40.8	66.5	51.6
One	12.2	17.7	15.8	16.2	16.0
Two	8.0	10.7	9.8	6.8	8.5
Three or more	48.3	26.0	33.6	10.5	23.9
Proportion of persons in household that experienced indicator in last 12 months					
Unable to raise \$2000 in a week for something important	34.5	15.7	22.1	6.1	15.4
Spent more money than received	21.6	19.4	20.2	11.3	16.4
Could not pay electricity, gas or telephone bills on time	23.6	17.1	19.4	7.6	14.4
Could not pay car registration or insurance on time	8.6	8.0	8.2	2.9	6.0
Pawned or sold something	6.8	2.8	4.2	1.3	3.0
Went without meals	7.4	1.8	3.7	1.4	2.8
Unable to heat home	5.6	1.1	2.6	*0.4	1.7
Sought assistance from welfare/ community organisations	8.8	2.6	4.7	*0.4	2.9
Sought financial help from friends or family	15.6	8.6	11.1	4.8	8.4
Could not afford holiday for at least one week a year	49.8	30.0	36.8	13.6	27.1
Could not afford a night out once a fortnight	40.8	24.1	29.8	9.2	21.2
Could not afford friends/family over for a meal once a month	19.3	6.6	11.0	2.9	7.6
Could not afford a special meal once a week	29.6	12.3	18.3	6.0	13.1
Could only afford second hand clothes most of the time	27.8	10.9	16.7	4.5	11.6

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\* estimate has a relative standard error of 25% to 50% and should be used with caution

## CONCLUSIONS

The 2009-10 SIH and HES surveys provide a particularly rich dataset for the analysis of the economic circumstances and characteristics of recipients of government pensions and allowances. They show that 4.3 million Australians, or 20% of the population, live in households where government pensions and allowances are the main source of income. Another 8.3 million Australians, or 39% of the population live in households receiving some income from government pensions and allowances.

Ten percent of all gross household income comes from government pensions and allowances. For those persons for whom it is their main source of household income, it makes up 82% of gross household income, on average. For those persons living in households that receive payments, but where it is not the main source of household income, it makes up 12% of gross household income, on average.

People living in households whose main source of income is government pensions and allowances generally have lower income, lower wealth and lower expenditure, and experience higher levels of financial stress, than the population as a whole.

## ENDNOTES

(1) Centrelink, **A guide to Australian Government payments, 20 March - 30 June 2011**, Department of Human Services, <http://www.centrelink.gov.au/internet/internet.nsf/publications/co029.htm>

(2) **FaHCSIA, Income support customers: a statistical overview 2010, Statistical Paper No. 9, 2011**, Department of Families, Housing, Community Services and Indigenous Affairs, [http://www.fahcsia.gov.au/about/publicationsarticles/research/statistical/Pages/stp\\_9.aspx](http://www.fahcsia.gov.au/about/publicationsarticles/research/statistical/Pages/stp_9.aspx)

(3) Estimates in Tables 3,4,5 and 6 are from the Survey of Income and Housing and apply the SIH weights. The estimated numbers of persons and households therefore differ from the HES weighted estimates in this publication.

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